

Message Text

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PAGE 01 HONG K 00552 151137Z

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ACTION COME-00

INFO OCT-01 EA-10 ISO-00 XMB-04 EB-07 RSC-01 /023 W

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P 150915Z JAN 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 3505

INFO AMEMBASSY MANILA PRIORITY

UNCLAS HONG KONG 0552

MANILA FOR REX BEACH, ASIAN DEVELOPMENT BANK DEPT PASS EXIM

E.O. 11652: N/A

TAGS: BEXP, HK

SUBJECT: MAJOR PROJECTS: HONG KONG MASS TRANSIT SYSTEM

REF: HK 6600, 8875, 9375, 512, A-238, A-072

1. HONG KONG MASS TRANSIT NEGOTIATIONS WITH JAPANESE CONSORTIUM HAVE BROKEN DOWN FINALLY AND COMPLETELY. JAPANESE CONSORTIUM UNILATERALLY WITHDREW OVER DISAGREEMENT ON COSTS (PER REFTELS). HKG ANNOUNCED TODAY THAT HONG KONG WOULD GO IT ALONE WITH LESS AMBITIOUS SUBWAY SYSTEM, THAT LOCAL CONTRACTORS WOULD GET MUCH OF THE BUSINESS, AND THAT SOME INTERNATIONAL TENDERS WOULD BE CALLED BY END OF THIS MONTH.

2. SYSTEM WILL BE MUCH SHORTER THAN PREVIOUSLY ENVISIONED AND AT NOVEMBER 1974 PRICES SHOULD COST 3.9 BILLION HK DOLLARS TO WHICH \$800 MILLION NOT RELATED TO DIRECT CONSTRUCTION COSTS WILL BE ADDED BRINGING FIGURE TO 4.7 BILLION. PROVISIONS FOR INFLATION WHICH MAY RAISE TOTAL COSTS TO 5.8 BILLION HAVE BEEN MADE. FINANCING PRIMARILY WILL BE OBTAINED IN INTERNATIONAL MONEY MARKETS. REPAYMENTS WILL BE SERVICED BY REVENUE GENERATED BY SYSTEM.

3. FINANCIAL SECRETARY HADDON-CAVE STATED THAT MASS TRANSIT PROVISIONAL AUTHORITY HAS BUILD UP STRONG PROJECT MANAGEMENT TEAM AND WILL BE ABLE TO BUILD SUBWAY BY MAKING A MULTIPLICITY OF CONTRACTS LOCALLY AND ABROAD ON A SEGMENT BY SEGMENT BASIS. W. C. BELL, DEPUTY DIRECTOR OF PUBLIC WORKS, HAS CORROBORATED

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ALL OF ABOVE AND ADVISES INTERESTED US ELECTRICAL, MECHANICAL,

AND CIVIL ENGINEERING FIRMS AND SUPPLIERS (SEE REFTELS FOR THOSE PREVIOUSLY INTERESTED) TO WRITE TO ONE OF ADDRESSES GIVEN BELOW FOR PRE-QUALIFICATION REQUIREMENTS AND OTHER DETAILS. HE EXPRESSED PARTICULAR INTEREST IN AMERICAN CIVIL ENGINEERING PARTICIPATION. (US\$10 SHOULD BE INCLUDED TO COVER COSTS).

MR. NORMAN S. THOMPSON
MASS TRANSIT RAILWAY PROVISIONAL AUTHORITY
HUTCHISON HOUSE
18 AND 19 FLOORS
HONG KONG

OR

FREEMAN AND FOX, CONSULTANTS
25 VICTORIA STREET
LONDON S.W. 1
ENGLAND

4. CONGEN WILL REPORT FURTHER DETAILS AS THEY DEVELOP, ESPECIALLY TIMING ON CALLS FOR TENDER.

5. BECAUSE OF TIME ELEMENT, MAJOR PROJECTS DIVISION MAY WISH TO TELEPHONE AMERICAN COMPANIES WHICH ORIGINALLY SHOWED INTEREST INCLUDING KAISER ENGINEERS, BECHTEL, LTV, ROHR INDUSTRIES, AND WESTINGHOUSE.
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